

Internal Revenue Service

P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

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Date: **June 3, 2015**

Employer Identification Number:

Contact person - ID number:

Contact telephone number:

LEGEND

UIL 4945.04-04

T= City

U= Geographic area

V= City Names

X= Geographic area

b dollars= Amount

Dear :

You asked for advance approval of your scholarship grant procedures under Internal Revenue Code section 4945(g). You have recently been reclassified from a public charity under sections 509(a)(1) and 170(b)(1)(A)(vi) of the code to a private foundation.

This approval is required because you are a private foundation that is exempt from federal income tax. You requested approval of your scholarship program to fund the education of certain qualifying students.

Our determination

We approved your procedures for awarding scholarships. Based on the information you submitted, and assuming you will conduct your program as proposed, we determined that your procedures for awarding scholarships meet the requirements of Code section 4945(g)(1). As a result, expenditures you make under these procedures won't be taxable.

Also, awards made under these procedures are scholarship or fellowship grants and are not taxable to the recipients if they use them for qualified tuition and related expenses (subject to the limitations provided in Code section 117(b)).

Description of your request

You were established in response to the findings that many residents of T would be better prepared and more qualified for the jobs offered in the new visitor industry hub of T at U through increased education and training. Your objectives are to assist the residents of T in qualifying for, and acquiring, the jobs available in their region, and thereby contribute to the socioeconomic development of T through education and training.

Therefore you are operating a scholarship program for residents of T for the acquisition of knowledge and skills required in the visitor industry in your state. Availability of your scholarships and the application requirements will be made known through printed materials (flyers, advertisements in T community colleges and universities' newspapers, etc.), at public events (e.g., in shared booth space at fairs, etc.), word of mouth and your website.

Your primary geographic focus is T particularly X. Therefore, you will give priority consideration to individual applicants from these areas, including the individual communities of V, which are two of the most socio-economically depressed communities in your state. Because your goal is to assist individuals obtain and/or retain jobs in the visitor industry, individuals with all levels of education may apply. For example, you welcome applications from high school and college students, as well as individuals currently in the work force without a high school or college degree.

Your selection committee will consist of your current board members. Selection committee members, relatives of members of the selection committee, or relatives of your officers, directors or substantial contributors are not eligible for the scholarships. All awards are made on an objective and nondiscriminatory basis. No scholarship will be awarded to any disqualified person as defined in Code Section 4946.

The selection committee shall evaluate all applications and determine awards based on the following criteria:

1. The training or educational program being applied for;
2. Content of the answer provided to the question on the application, "Why are you applying for this training program?".

The amounts of the scholarships are expected to vary according to the each awardee's particular needs and circumstances. For instance, scholarships may be awarded to an individual for tuition and materials for a course(s) offered by an accredited college/university, while other scholarships may be awarded for books only, or for the program fees of a visitor-industry-related worker enrichment course. The number of scholarships will depend upon the amounts awarded per individual selected. Approximately b dollars per year in scholarships will be awarded.

Tuition and fees will be paid directly to the educational institution, but in circumstances where the individual has already paid the institution, you will reimburse the individual upon receiving a receipt of paid enrollment. Awards for study materials may be awarded directly to the individual(s).

To ensure awardees have met the objective set forth by you, awardees will forward to you either:

- A copy of the transcript from their post high school educational institution upon completion of the semester; or
- A certificate of training program upon completion.

If you determine that any part of the award was used for purposes other than the objectives stated above, you have the option to either terminate the award and take all

reasonable and appropriate steps (including legal action) to recover the award, or take all reasonable and appropriate steps to ensure the restoration of the award.

You agree to maintain records that include the following:

- (i) Information used to evaluate the qualification of potential grantees;
- (ii) Identification of the grantees (including any relationship of any grantee to you);
- (iii) The amount and purpose of each grant; and
- (iv) All grantee reports and other follow-up data obtained in administering your program.

Basis for our determination

The law imposes certain excise taxes on the taxable expenditures of private foundations (Code section 4945). A taxable expenditure is any amount a private foundation pays as a grant to an individual for travel, study, or other similar purposes. However, a grant that meets all of the following requirements of Code section 4945(g) is not a taxable expenditure.

- The foundation awards the grant on an objective and nondiscriminatory basis.
- The IRS approves in advance the procedure for awarding the grant.
- The grant is a scholarship or fellowship subject to the provisions of Code section 117(a).
- The grant is to be used for study at an educational organization described in Code section 170(b)(1)(A)(ii).

Other conditions that apply to this determination

- This determination only covers the grant program described above. This approval will apply to succeeding grant programs only if their standards and procedures don't differ significantly from those described in your original request.
- This determination applies only to you. It may not be cited as a precedent.
- You cannot rely on the conclusions in this letter if the facts you provided have changed substantially. You may report any significant changes to your program by completing Form 8940 and sending it to the Cincinnati Office of Exempt Organizations at:

Internal Revenue Service
Exempt Organizations Determinations
P.O. Box 2508
Cincinnati, OH 45201

- You cannot award grants to your creators, officers, directors, trustees, foundation managers, or members of selection committees or their relatives.

- All funds distributed to individuals must be made on a charitable basis and further the purposes of your organization. You cannot award grants for a purpose that is inconsistent with Code section 170(c)(2)(B).
- You should keep adequate records and case histories so that you can substantiate your grant distributions with the IRS if necessary.

We've sent a copy of this letter to your representative as indicated in your power of attorney.

Please keep a copy of this letter in your records.

If you have questions, please contact the person listed at the top of this letter.

Sincerely,

Director, Exempt Organizations